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IN THE

Supreme Court of the United States

OCTOBER TERM, 1965

No. 328

SPACE AERO PRODUCTS CO., INC., ET AL., *Petitioners*

v.

R. E. DARLING CO., INC., *Respondent*

BRIEF FOR RESPONDENT

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BRIEF FOR RESPONDENT

QUESTIONS PRESENTED

1. Does the Petition meet the tests enunciated by this Court for the granting of a Writ of Certiorari?

2. Does the enjoining of manufacture or sale of certain hose using trade secrets wrongfully appropriated conflict with patent laws?

3. Is the injunction against petitioners, who have been found guilty of wrongfully appropriating and using respondent's trade secrets, from manufacturing or selling certain hoses in competition with respondent, an arbitrary restraint of their liberties and property in violation of the Fourteenth Amendment?

COUNTER-STATEMENT OF FACTS

The petitioners were adjudged guilty of acts comparable to the crimes of "larceny" and "piracy" by the Circuit Court for Montgomery County, Maryland, the court of original jurisdiction, in their having wrongfully and surreptitiously appropriated respondent's trade secrets, and having used them in competition with the respondent. (E. 45)*

The uncontradicted evidence in the case showed that the individual petitioners, Joseph A. Jackson, Eugene E. Fasano, Douglas L. Creger, Gloria Rines Creger, Mary B. Quinter, William H. Wilkinson, and William Phillips, who was a defendant but did not appeal from the injunction granted by the trial court against him, were employees of the respondent over the period from November 1, 1956, to December 1960, and that the petitioner William Brandenburg as President of the petitioner Norris Manufacturing Company, was the principal supplier to respondent of a compound known as silicone used in the manufacture of respondent's product. (E. 37)

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* "E" refers to the Agreed Record Extract, copies of which have been filed herein by the petitioners. The numerals following the "E" indicate the page on which the information appears.

Page references followed by the letter "a" indicate Petitioners' Appendix.

The respondent began business in 1948 by manufacturing large-bore oxygen breathing hoses for aircraft personnel, as a sole proprietorship. (E. 713) In 1950 R. E. Darling, who was the proprietof of respondent, undertook a research program for the purpose of developing small-bore miniaturized silicone flexible breathing hoses. Approximately a quarter of a million dollars went into the development of these hoses, and the machinery, and processes, methods and techniques by which they were manufactured. The small-bore miniaturized silicone hoses were sold to Douglas Aircraft Company and the United States Navy beginning in 1953. (E. 714, 715, 1093, 1855-56, 1882, 1894) A short time thereafter the sole proprietorship became the R. E. Darling Company, Inc.

During the initial stages of development of the small-bore hoses by respondent, the activities and processes were kept secret even from respondent's employees. (E. 1882, 1884) Respondent thereafter jealously guarded its trade secrets, and until early January 1961, when the petitioner, Space Aero Products Company, was formed and commenced the manufacture of these hoses, no other company or person had succeeded in producing them. (E. 456, 457, 458, 459, 720-21, 729-30, 743, 744, 762, 790, 993-94, 1235, 1928, 1945)

Each of the individual petitioners, except William Brandenburg, had important positions with the respondent in the business and in the building of these hoses. Petitioner Joseph A. Jackson was the security officer. Petitioner Eugene E. Fasano was the Production Supervisor, and as such was responsible for the efficient operation of the factory. Petitioner Douglas L. Creger was the foreman of one of the shops, while

his wife, Gloria Rines Creger was a hose builder. Petitioner Mary B. Quinter was the chief bookkeeper, and William Phillips, who is not one of the petitioners, but who was a party to the wrongful acts of these petitioners, was Chief of Quality Control. What these persons knew about hose manufacturing they had learned from the respondent, in their respective positions. (E. 38)

About June 1960, the United States Navy prepared and issued to the respondent and others in the hose manufacturing business Military Specification No. Mil H-22489, which enumerated the physical standards for certain hoses measured in hose performance under prescribed environmental conditions. The specifications did not specify the methods or processes to be used in constructing them.

The petitioners Jackson, Creger and Phillips were directly involved in and assigned work for the qualification of respondent's hoses under this specification. (E. 1005-07, 1117, 1123) The new military specifications were discussed by respondent's officers and employees with William Brandenburg, and as a result Norris Manufacturing Company furnished materials to be checked against the specification requirements. (E. 1880)

Starting about August 1960, there was a concatenation of clandestine meetings between certain of the petitioners who were employees of the respondent, and, beginning in October 1960, with William Brandenburg regarding the formation of a company to compete with respondent in the manufacture of hoses meeting the requirements of Mil H-22489, using the respondent's

secret methods, processes and techniques, aided by certain production and design drawings which were to be taken from the respondent. (E. 83, 97, 98, 302, 313)

In November 1960, the petitioner Joseph Jackson proceeded to have every drawing in respondent's "A" book copied, all of which bore the proprietary stamp of the respondent. (E. 592-593)

Thereafter at various dates through the month of December 1960, the petitioners employed by the respondent terminated this employment, and they, with the active participation and financial support of the petitioners Norris Manufacturing Company and William Brandenburg, formed the petitioner Space Aero Products Company, which, using the respondent's secret methods and processes, built its first hose by the middle of January 1961, which qualified under Mil H-22489. (E. 168, 321)

In February 1961, respondent instituted a suit in equity to enjoin the petitioners from using its secret methods, processes and techniques, which they had wrongfully appropriated and were using in unfair competition with the respondent, and for damages. (E. 7-16) Trial was held before the Circuit Court for Montgomery County, Maryland, the taking of testimony consuming more than 18 weeks. (E. 36) At the conclusion of the trial, the trial judge prepared his written opinion (E. 34-47), and passed an order enjoining the petitioners from further manufacture and/or the sale of low pressure hose assemblies utilized in oxygen air pressure suit systems, *being of like or similar construction* to hose assemblies manufactured to the requirements of United States Military Specifications Mil H-22489. (E. 66-68)

Petitioners appealed the case to the Court of Appeals of Maryland, which affirmed the lower court in part and reversed in part, and ordered that the injunction be modified (p. 11a-48a).

Petitioners next filed a motion for reargument of the appeal. The Court of Appeals thereupon directed the lower court, upon remand, to accord the United States of America, and any of its departments and agencies, an opportunity to demonstrate any adverse effect upon the national interest of any prohibition of the completion of any contracts or sub-contracts entered into by Space Aero under the designated military specification to the date of the court's opinion, and liberalized the restrictions placed upon the employees of Space Aero or of any of the individual petitioners, in working for other companies engaged in the manufacture or sale of pressure hose assemblies (p. 45a-48a).

On May 18, 1965, the trial court issued a Modified Order of Injunction in accordance with the mandate and opinion of the appellate court (p. 66a).

REASONS FOR DENYING THE WRIT

I.

Petition Does Not Meet the Tests for the Granting of a Writ of Certiorari

The contention of petitioners that their Constitutional rights, and those of their employees and others, have been violated by the restraint imposed upon them by the injunction against their manufacture or sale of certain oxygen hose assemblies, was raised by them for the first time in the case, when they filed their motion for reargument of their appeal, with the Court

of Appeals of Maryland. A complete review of the record clearly supports this proposition and in fact petitioners admit this to be the truth of the matter.[1]

This Court has consistently refused to consider Constitutional questions which were not timely raised under applicable state law and procedure. *Edelman* v. *People of State of California,* 344 U.S. 357, 73 S. Ct. 293, 97 L. ed. 387 (1953). Also *Hulbert* v. *City of Chicago,* 202 U.S. 275, 26 S. Ct. 617, 50 L. ed. 1026 (1906), *Mutual Life Insurance Co.* v. *McGrew,* 188 U.S. 291, 308, 23 S. Ct. 375, 378, 47 L. ed. 480, 484 (1903).

As the Court stated in the *Edelman* case:

> "It is clear that this Court is without jurisdiction to decide whether Constitutional rights have been violated when the federal questions are not seasonably raised in accordance with the requirements of state law."[2]

Consequently, petitioners should be foreclosed from now asserting that Constitutional questions were either before, or decided by, the trial court or the state court of appeals.

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[1] Petitioners' footnote "8", on page 10 of their brief, states:

> "Petitioners' complaint at this stage was not specifically couched in language alleging a violation of their Constitutional rights. However, they did assert that the trial court's order was basically unfair because it would permanently exclude all appellants from the oxygen breathing hose business."

[2] 344 U.S. at 358, 97 L.ed. at 391, citing: *Hulbert* v. *City of Chicago, supra,* and *Mutual Life Ins. Co.* v. *McGrew, supra.*

Under the Maryland Rules of Procedure adopted July 17, 1958, effective January 1, 1959, as amended, the scope of review by the Court of Appeals of Maryland is limited to questions decided by the lower court.[3]

In the case of *Rose* v. *Paape*, 221 Md. 369, 157 A(2d) 618 (1960), the Maryland Court of Appeals refused to decide a question not presented until raised in the appellant's reply brief, holding that it was too late under Rule 885.

Petitioners contend that even though their federal claims were not properly raised until after the filing of their motion for reargument with the Court of Appeals of Maryland, their delay in earlier presenting their federal claims is not a bar to this Court's jurisdiction, if it appears that the highest state court entertained the petition, considered and overruled the contention that petitioners' rights under the Amendment were infringed, declared that its decision was to

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[3] Maryland Rules of Procedure, Rule 885, provides:

"This Court will not ordinarily decide any point or question which does not plainly appear by the record to have been tried and decided by the lower court; but where a point or question of law was presented to the lower court and a decision of such point or question of law by this Court is necessary or desirable for the guidance of the lower court or to avoid the expense and delay of another appeal to this Court, such point or question may be decided by this Court even though not decided by the lower court. Where jurisdiction cannot be conferred on the Court by waiver or consent of the parties, a question as to the jurisdiction of the lower court may be raised and decided in this Court, whether or not raised and decided in the lower court."

Article 5 § 10, 1951 Code of Maryland, from which this rule is in part derived, prevents the decision on appeal of any question which did not with certainty appear to have been tried and decided by the lower court. *Hamilton* v. *State*, 127 Md. 312, 96 Atl. 523.

be interpreted as holding against the contention and therefore refused reargument. The fact of the matter is that the Court of Appeals of Maryland never had the federal questions properly presented to it, and under Rule 885 it could not consider them, and therefore, it took no action nor made any decision regarding the federal questions.

Petitioners cite *Grannis* v. *Ordean*, 234 U.S. 385, 34 S. Ct. 779, 58 L. ed. 383 (1942), as the basis for their contention that the federal claims were timely brought to the attention of the Court of Appeals of Maryland, by their filing a motion for reargument of their appeal, in which for the first time the questions were raised. *Grannis* is easily distinguishable from the instant case. There the federal rights were not infringed by the trial court, as is alleged in this case, but by the state supreme court. Under those circumstances the first opportunity the aggrieved party had to challenge the validity of the decision infringing federal rights, was in the petition for reargument. The situation which prevailed in petitioners' case is completely inapposite.

It is self-evident that this case involves no principles which are of importance to the public. Nor does it involve any question where there is a real and embarrassing conflict of opinion or authority. Indeed, quite the contrary is true.

This Court in dismissing a writ of *certiorari* as improvidently granted, in *Rice* v. *Sioux City Memorial Cemetery, Inc., et al.*, 349 U.S. 70, 79, 75 S. Ct. 614, 99 L. ed. 897, 904 (1954), used the words of Mr. Chief Justice Taft, speaking for an unanimous court:

> "'If it be suggested that as much effort and time as we have given to consideration of the alleged conflict would have enabled us to dispose

> of the case on the merits, the answer is that it is very important that we be consistent in not granting the writ of certiorari except in cases involving principles the settlement of which is of importance to the public as distinguished from that of the parties, and in cases where there is a real and embarrassing conflict of opinion and authority between circuit courts of appeal.' Layne & Bowler Corp. v. Western Well Works, Inc., 261 U.S. 387, 393, 43 S. Ct. 422, 423, 67 L. ed. 712."

Respondent respectfully submits that the principles enunciated by this Court in *Rice* v. *Sioux City Memorial Cemetery, Inc., et al., supra,* when applied to the facts of the instant case, show that *certiorari* should not be granted.

II.

State Court Injunction in Case Involving Theft of Trade Secrets Bears No Relation To and Does Not Conflict with Patent Laws

Petitioners next contend that the injunction issued by the state court conflicts with this Court's decisions in *Sears Roebuck & Company* v. *Stiffel,* 376 U.S. 225, 84 S. Ct. 784, 11 L. ed. 2d 661 (1964), and *Compco Corp.* v. *Day-Brite Lighting, Inc.,* 376 U.S. 234, 84 S. Ct. 779, 11 L. ed. 2d 669 (1964), is an incursion upon the Federal patent system, and places an unreasonable and unwarranted impediment upon the Government's procurement program for material essential to the national security.

Dealing with the last of these contentions first, it appears that what petitioners are saying to this Court is that even though the trial court found that they were guilty of acts comparable to the crime of "larceny" and "piracy" (E. 45) in taking and using respondent's trade secrets, their wrongdoing should be

excused by this Court because these acts of "larceny" and "piracy" made it possible for the Government to have more than a single source of supply for material allegedly essential to the national security; in other words, that the end fully justified the means. Respondent does not believe that it is necessary to reply to such amoral and base argument. Apparently the Government has not felt that Space Aero is such a vital source of supply of oxygen breathing hoses that it should intervene in order to protect the public interest. This argument of petitioners is even more specious when considered in the light of the record. Respondent would not be the single source of supply, with Space Aero enjoined from manufacturing the oxygen breathing hose involved in the case as petitioners allege. Petitioners neglected to inform the Court that still another source of supply available to the Government is Strato Safety Division of Dayco, formerly Dayton Rubber Company, which received a contract to manufacture oxygen breathing hose under Military Specification No. H-22489 from the Navy on June 7, 1961, and qualified to build this hose in April 1963. (E. 1477)

At a time when more and more states are passing laws making it a criminal offense to purloin trade secrets, the petitioners are asking this Court to relax the rules of civil restraint against persons who have wrongfully appropriated and used the trade secrets of another person.[4]

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[4] Excerpt from The Wall Street Journal, April 8, 1965:

"Bills that make clear trade secrets are property and thus subject to criminal theft penalties await governors' signatures in New Jersey and Georgia. Others enter initial legislative stages in Nebraska and Pennsylvania. New York passed such a law last year."

Petitioners maintain that under *Stiffel* and *Compco* they cannot be denied their constitutional right to copy an unpatentable or unpatented article and place it in commerce, and that since respondent's processes are not patented, petitioners cannot be enjoined from manufacturing the hose regardless of how the processes for the manufacture of the article were obtained by them.

However, the *Stiffel* and *Compco* cases did not involve trade secrets wrongfully appropriated. No state statute is involved in this case, which could be construed as encroaching on the right of the Federal Government, by granting a monopoly in an unpatented article. The injunction with which this case is involved was granted under the common law, not under a state statute. As the late Judge Coleman of the United States District Court of Maryland, said in the case of *Carter Products, Inc.* v. *Colgate-Palmolive Co.*, 130 F. Supp. 557, 571-572, *affirmed*, 230 F. 2d 855, 243 F. 2d 163, *certiorari denied* 355 U.S. 823, 78 S. Ct. 30, 2 L. ed. 2d 38, which involved the wrongful appropriation of trade secrets:

> "So, in determining the question of whether Colgate has wrongfully appropriated any of Carter's trade secrets relating to the subject matter of the Spitzer patent, this Court is not limited to a consideration of the law of the locus of the alleged wrongful appropriation, or the law of any particular jurisdiction. As a matter of fact, as will be disclosed by the analysis of decisions about to be made, there is virtual uniformity in the decisions as to the principles of law governing this question."

The *Stiffel* and *Compco* cases involved the mere copying of unpatentable designs of lighting fixtures,

which was prohibited under unfair competition laws adopted by the State of Illinois.

The law has long recognized that the possessor of trade secrets has rights which will be protected independently of the patent laws. This protection is not accorded on the theory on which patents, trademarks and trade names are protected, but is based on the right of one who has developed a trade secret to have it protected as against another who has gained it by virtue of a confidential relationship or by improper means.[5]

The basic right in respect to restraint of the improper use of trade secrets has long been recognized and affirmed by this Court.[6]

Petitioners aver to the point of redundancy that the injunction grants a monoply to respondent, not for seventeen years, as with the granting of a patent, but in perpetuity. The injunction grants no monopoly to respondent, but merely serves to protect it against the continuation of the wrongful acts of the petitioners.

Trade secret protection provides a reward only for use. No monopoly is granted for a term of years, and the developer is protected only against those to whom he has disclosed his secret in confidence or who have obtained it by unlawful means.

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[5] *Carter Products, Inc.* v. *Colgate-Palmolive Co., supra; E. I. Dupont De Nemours Powder Co.* v. *Masland,* 244 U.S. 100, 61 L.ed. 1017 (1917).

[6] *Fowle* v. *Park,* 131 U.S. 88, 33 L.ed. 67 (1889); *Board of Trade of City of Chicago* v. *Christie Grain & Stock Co.,* 198 U.S. 236; 49 L.ed. 1031 (1905); *International News Service* v. *Associated Press,* 248 U.S. 215, 63 L.ed. 211 (1918).

That the protection of a trade secret by the courts is not the granting of a monopoly to the developer, was recognized very early in the law of this country in a Massachusetts case. In 1857, in the case of *Peabody* v. *Norfolk,* 98 Mass. 452, 96 Am. Dec. 944, Judge Gray of the Supreme Court of that state wrote of the character of the rights of an owner of a trade secret:

> "If he invents or discovers and keeps secret a process of manufacture, he has not indeed an exclusive right to it against the public, or against those who in good faith acquire knowledge of it; but he has a property right in it which a court of chancery will protect against one who, in violation of contract and breach of confidence undertakes to apply it to his own use, or to disclose it to third persons."

Independent of copyright laws or letfters patent, it has been held that a developer has, by the common law, an exclusive property in his discovery or composition until by publication it becomes the property of the general public.[7]

And further it has been held that the protection of an unpatented, and perhaps unpatentable process, such as details of operation of patented instruments as trade secrets, is not an extension of the patent monopoly. The right to protection of patents, therefore, is not inconsistent with the right to protection of trade secrets used in connection with such patents.[8]

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[7] *Tabor* v. *Hoffman,* 118 N.Y. 34, 23 N.E. 12 (1889).

[8] *Carter Products, Inc.* v. *Colgate-Palmolive Co., supra; Witherow Steel Corp.* v. *Donner Steel Co. Inc.,* 31 F. 2d 157 (W.D.N.Y. 1929); *Schavoir* v. *American Rebound Leather Co.,* 104 Conn. 472, 133 Atl. 582 (1926), Nims', Unfair Competition and Trademarks § 141, pg. 406 (4th ed. 1947).

The mere fact that the means by which a discovery is made are obvious, that experimentation which leads from known factors to an ascertainable but presently unknown result may be simple, cannot destroy the value of the discovery to the one who makes it, or advantage the competitor, who by unfair means, or as the beneficiary of a broken faith, obtains the discovered knowledge without himself paying the price in labor, money or machines expended by the discoverer.[9] The scope of protection of a trade secret cause of action is founded not upon rewarding discovery, but upon the reprehensibility of the means of acquisition.[10]

Petitioners complain that not only were they enjoined from using a specific process of manufacture, but were enjoined from the manufacture of the end product itself. The rationale of the state courts in this regard is quite clear. The testimony addueed before the trial court abundantly demonstrated that the entire competitive operation of the petitioners was built upon respondent's secret methods, processes and techniques. Accordingly, it was not only just and proper, but absolutely necessary that the injunction prohibit petitioners from manufacturing hose like or similar to that manufactured by respondent under Mil H-22489, as well as the use of the processes used in

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[9] *A. O. Smith Corp.* v. *Petroleum Iron Works of Ohio*, 6 Cir. 73 F. 2d 531.

[10] Note, *Protection and Use of Trade Secrets*, 64 Harv. L. Rev. 976 (1951).

the manufacture of the hose.[11] The testimony of all of the expert witnesses, most of whom were produced by the petitioners, was that although upon dissection of respondent's hose, it was possible to determine its components, the processes, methods and techniques employed in its manufacture, could not be discovered by this means. One expert testified that he attempted for several years to duplicate respondent's manufacturing processes without success.[12]

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[11] The Court of Appeals of Maryland stated:

"It is an implicit premise of the injunction that Darling's interests in its trade secret could not be adequately protected unless Brandenburg and Norris, as well as Space Aero and the former employees with whom they cooperated, were enjoined. There is a reasonable inference from the testimony that the practical knowledge which Brandenburg and Norris obtained from their association with the former employees in building the hose added to the knowledge which they formerly had. It would be difficult to separate the results of such practical experience from any independent knowledge formerly possessed. In view of all the circumstances, the court below was justified in enjoining Brandenburg and Norris, in order adequately to protect Darling. The harm to Darling and any hardship of the injunction upon Brandenburg and Norris sprang from the situation to whose making Brandenburg and Norris wrongfully contributed. See *Wicklein* v. *Kidd*, 149 Md. 412, 424, 131 Atl. 780 (1926); and Restatement, Torts, § 941 comment b." (39a-40a).

[12] Excerpts from the testimony of Edward Rothermel:
R. 952:

"Q. And by the examination of the end product you cannot ascertain that, would that be so? A. That's exactly right. That cannot be seen.

• • •

"(T.29) (The Court) they couldn't produce it. He said Darling has some unique method to produce it now. The fact

Consequently, if petitioners were permitted to continue to manufacture an oxygen breathing hose under Mil H-22489, it would be impossible to determine from an examination of the finished product whether the

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that they (T.30) couldn't produce it, they just weren't capable of producing it apparently. Is that what you told the Court?

E. 953:

"(The Witness) That's right, sir.
(The Court) Was that because they just didn't have the know-how or the equipment or weren't smart enough?
(The Witness) I would say knowhow. They had facilities for equipment, they had all the financial background of the Dayton Rubber Company, they had the push from the President of the Company to do this. It was his principal desire to compete with the R. E. Darling Company, that was the sole purpose of establishing Strato Safety Corporation.
"(T.31) (The Court) That the key to the production of that hose, the compound used, the rubber compound, silicone rubber compound, is that the key to it?
(The Witness) I would say that's not the key.
(The Court) What is the key?
(The Witness) The key to the manufacture of this hose as I see it is the technique followed to assemble the various parts. The key to this is to be able to select the right types of silicone rubbers, being able to combine the various components in such a fashion that you will not injure other components, and during the assembly—plus the fact that when you finish you should be able to hold the tolerances that are required on a hose of this kind. The manner of putting a helix wire on there and getting it to take the position it does in uniform position is no mean accomplishment, sir.
(T.32) (The Court) Darling had a lock on the business, knew how to do it. You tried to do it with Strato Safety and couldn't do it, is that right?
(The Witness) I don't understand what you mean by a "lock", sir.
(The Court) They were the only ones knew how to do it,
(T.33) build the hose?

E. 954:

(The Witness) That's right, sir.

petitioners were using respondent's methods, processes or techniques in manufacturing the hose. The lower court has no other way of policing the restraints which it has imposed on petitioners for the protection of respondent, short of posting expert observers in petitioners' plants around the clock to determine if petitioners were using respondent's trade secrets. Clearly, under the circumstances, the scope of the injunction is fully justified.[13]

Paraphrasing Mr. Justice Holmes' comment in *E. I. Du Pont De Nemours Powder Co.* v. *Masland*, 244 U.S. 100, 102, 61 L. ed. 1016, 1019 (1917), if there is any disadvantage in the fact that the petitioners knew the respondent's secrets they "must take the burden with the good."

In its opinion the Court of Appeals of Maryland, stated:

> "We do not agree with appellants that the injunction should be restricted to the use of the processes rather than prohibiting the manufacture of the product. Darling's trade secret consists too largely of the ordered relationship and combination of various steps and devices, some in themselves quite simple in nature, to make a prohibition of specific steps or processes practical." (p. 39a).

III.

The Restraint Placed on Petitioners Is Not Unreasonable or Arbitrary So As to Violate Fourteenth Amendment

Petitioners' argument on due process of law commences with a long paragraph of alleged facts and conclusions which are not borne out by the voluminous

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[13] *Smith* v. *Dravo Corp.*, 203 F.2d 369 (7 Cir. 1953); Note, 1953 Washington University Law Quarterly 446; *Head Ski Co., Inc.* v. *KamSki Co., Inc.*, 158 F. Supp. 919 (DCMD, 1958).

record.[14] Next, they rely on cases which are inapposite to the instant case; on pages 23 and 24 of their brief,

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[14] Examples:

(a) They have been required ". . . to deliver to the trial court for destruction documents and materials unrelated to respondent's process of manufacture." They cite nothing in the record to support their allegation that the documents and materials ordered destroyed are "unrelated to respondent's process of manufacture". The necessity of stopping petitioners from manufacturing the particular hose assemblies is treated at pages 15-18, *supra*. The documents and materials ordered delivered ". . . describe or disclose the equipment, components, methods or techniques utilized in the manufacture of these prohibited hose assemblies hereinbefore defined. . . ." (p. 68a). The propriety of this part of the injunction is explained in CALLMANN, UNFAIR COMPETITION AND TRADE-MARKS 872 (2nd ed. 1950): "To leave him as he was would tempt the defendant to resume his use of the weapons he had been compelled to forego. The courts have, therefore, in proper cases, ordered defendants to destroy, or even deliver up to plaintiffs articles or patterns, photographs, drawings or designs of articles made by, under or pertaining to plaintiff's secret process." *Patents, Copyrights and Trade Secrets—Destruction of Infringing Instruments Owned by Infringer, Comment* 35 Mich. L. Rev. 1350 (1937); *Ernst Slide Fastener Co., Inc.* v. *Stamberg*, 120 N.Y.S.2d 311 (1953); *Elaterite Paint & Mfg. Co.* v. *S. E. Frost Co.*, 105 Minn. 239, 117 N. W. 388 (1908); *Oertel* v. *Wood*, 40 How. Pr. 10 (N.Y. 1870); *Macbeth Evans Glass Co.* v. *Schnelbach*, 239 Pa. 76, 86 A. 688 (1913); *Pen Carbon Manifold Co.* v. *Tomney*, 90 N.J. Eq. 233, 110 A. 445 (1920); *Tabor* v. *Hoffman*, 118 N.Y. 30, 23 N. E. 12, 16 Am. St. Rep. 740 (1889); *May* v. *Hardister*, 100 U.S.P.Q. 125 (Cal. Super. 1953).

(b) ". . . petitioner Brandenburg, . . . has been in the rubber and silicone hose business since 1947. . . ." There is no evidence that petitioner Brandenburg had been in the rubber and silicone hose business prior to the theft of respondent's trade secrets. See, *e.g.*, E. 1760.

(c) Petitioner Brandenburg ". . . who, as both the Circuit Court and the Court of Appeals recognized, had the know-how to build oxygen breathing hoses independent of any knowledge acquired from Darling (Appendix, pp. 23a, 31a, 39a, *infra*). . . ." On page 23a of petitioner's appendix, for example, the Court of Appeals ventured no opinion on "Whether or not the testimony would

they cite cases of this Court for the proposition that "the right to hold specific private employment and to follow a chosen profession free from unreasonable governmental interference comes within the 'liberty' and 'property' concepts of the Fifth Amendment." Respondent has no quarrel with that principle of constitutional law or the cases relied upon. However, even a cursory examination of the facts of the cases cited shows they have no application to the instant case. They deal with public employment, licensing, and loyalty oaths. One of them, *Dent* v. *West Virginia,* 129 U.S. 114, 32 L. ed. 623 (1889), upheld a state statute requiring physicians to procure a certificate to practice medicine. The Court in the *Dent* case speaks of the "right of every citizen of the United States to follow any lawful calling, business or profession he may choose, subject only to such restrictions as are imposed upon all persons of like age, sex and condition," and the right "cannot be arbitrarily taken." "But there is no arbitrary deprivation of such right where its exercise is not permitted because of a failure to comply with conditions imposed by the State for the protection of society. The power of the State to provide for the general welfare of its people authorizes it to prescribe all such regulations as in its judgment will secure or tend to secure them against the con-

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have justified a finding to this effect." The other two pages cited by petitioners are not any more helpful to them.

(d) Petitioner Brandenburg "... is now enjoined from engaging in the manufacture or sale of most such hoses currently in demand." The record does not show a prohibition concerning "most such hoses now in demand." The injunction is to hose assemblies "of like or similar construction to hose assemblies manufactured to the requirements of United States Military Specification H-22489." (p. 67a).

sequences of ignorance and incapacity as well as of deception and fraud.'"[15]

The court below properly dealt with petitioners' "deception and fraud" in a reasonable manner. The injunction granted was certainly not "punitive rather than remedial" as argued by petitioners. On the contrary, the State appellate court below carefully avoided the punitive approach which it could have followed under the so-called *"Shellmar"*[16] rule. Although the state court adopted the *"Conmar"*[17] rule in this case, providing that the injunction against the petitioners should run only until the methods and processes used by respondent in the manufacture of the particular oxygen breathing hose becomes generally known to the public, without contribution in any way to such knowledge through disclosure by petitioners, this Court has allowed the very strict and permanently restrictive *"Shellmar"* rule to be applied in cases involving wrongful appropriation of trade secrets. The *"Shellmar"* rule holds that once a person has obtained a disclosure of a trade secret through a breach of confidence, while the disclosure was still secret, contrary to the obligations of a confidential or contractual relationship, that person cannot thereafter use the subject matter of the disclosure, which he has wrongfully used, *even though* members of the public can do so. The injunction in the present case is less "punitive" than those in the *"Shellmar"* line of cases, and

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[15] 32 L.ed. at 625-6.

[16] *Shellmar Products* v. *Allen-Qualley Co.*, 87 F.2d 105 (7 Cir. 1936), *cert. denied* 301 U.S. 695.

[17] *Conmar Products Corp.* v. *Universal Slide Fastener*, 172 F.2d 150 (2 Cir. 1949).

no more "punitive" than any adverse judgment is to a civil litigant.

Petitioners baldly assert that the injunction "bears no relation to the relief which would be necessary and appropriate to protect respondent from the alleged misuse of its trade secret." The relationship of the relief granted to the proven misuse of respondent's trade secrets is obvious. The necessity of prohibiting petitioners from manufacturing the end product of the trade secrets as the only practicable means of protecting respondent is argued at pages 15-18, *supra*.

Petitioners argue that the limited scope of the injunction as to petitioners' employees necessarily means that because the injunction against petitioners is not so limited, it is unreasonably broad. This does not follow. The courts below made no findings that petitioners' employees had been guilty of any theft of trade secrets or other wrong doing; or that they were anything more than innocent tools used by the petitioners. There was no need to prohibit petitioners' employees from participating in the manufacture of hose assemblies which do not use Darling's trade secrets. But as to the wrongdoers, their larcenous proclivities as proven in court render them untrustworthy and dictate that the only practicable means of preventing them from wrongfully using respondent's trade secrets is to prohibit them from manufacturing the product.

NIMS, UNFAIR COMPETITION AND TRADE-MARKS 1180 (4th ed. 1947) aptly states the consideration to which one in the position of petitioners is entitled:

> A defendant proved to have acted deliberately and intentionally to defraud and deceive may be

more closely restrained than one who erred innocently and acted in good faith. The intentional offender may even be deprived of rights which honest competitors of the plaintiff continue to enjoy and which he would enjoy were it not for his fraud. Drastic relief is granted in such cases to prevent the continuing effect of the defendant's acts, or because the defendant has shown that he cannot be trusted. Judge Denison has said: "A defendant whose business enterprise is based on an express and deliberate fraud will not find a court of equity strenuous to preserve all the rights he might have had if his conduct and motive had been honest." (*Peninsular Chemical Co.* v. *Levinson*, 247 F 658, 663 (CCA 6, 1917).)

Accordingly, under the facts of this case, it appears that the petitioners' position on this point is not tenable.

CONCLUSION

For the foregoing reasons, the petition for a writ of certiorari should be denied.

Respectfully submitted,

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August 6, 1965